



DEPARTMENT OF STATE

Washington, D.C. 20520

(R) 12
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August 7, 1981

Mr. Charles L. Farr
Director, Dairy Division
Wisconsin Federation of Cooperatives
122 West Washington Avenue
Madison, Wisconsin

Dear Mr. Farr:

This is in response to your letter of July 7 to Secretary Haig concerning providing surplus dairy products, now in the warehouses of the Commodity Credit Corporation (CCC), as food aid.

The Department of State shares your concern that surplus dairy product stocks be reduced. As you know, a contract was agreed on August 4 to sell 100,000 tons of butter to the New Zealand Dairy Board. Special sales of dairy products to Mexico and Poland have also taken place. We are also using non-fat dry milk in our food aid programs where appropriate. Legal requirements in the Food Aid and CCC legislation make it difficult to use expensive products, including dairy products, extensively in food aid programs.

Exports of U.S. dairy products are more sensitive than other U.S. agricultural exports because our dairy exports must be heavily subsidized to compete in the world market. As the world's largest agricultural exporter, we have a particularly great stake in minimizing the use of subsidies in international agricultural trade. The subsidy question is also a focus of concern with respect to the possibility of a sale to the USSR. We oppose subsidized trade with the USSR, whether in machinery or agricultural products. In this regard, our policy on butter is the same as our policy on trade in tools, technology or feed grains.

We appreciate having your views.

DEPARTMENT OF STATE A/CDC/MR

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Sincerely,

Donald F. Hart
Director
Office of Food Policy
and Programs

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